

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In re:

8 MILE RANCH, LLC,

CASE NO. 6:12-bk-10227-KSJ
CHAPTER 11

Debtor.

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**THE MACHADO FAMILY LIMITED PARTNERSHIP NO. 1 AND
THE MACHADO FAMILY LIMITED PARTNERSHIP NO. 3'S LIMITED OBJECTION
TO CONFIRMATION OF CHAPTER 11 PLAN OF REORGANIZATION**

Creditors, the Machado Family Limited Partnership No. 1 and the Machado Family Limited Partnership No. 3 (collectively, "Machado"), files their Objection to Confirmation of the Debtor's *Chapter 11 Plan of Reorganization* (DE# 73), and in support thereof states as follows:

I. PROCEDURAL HISTORY

1. On July 27, 2012 (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Since the Petition Date, Debtor has continued to operate its business and manage its property as a Debtor-in-Possession pursuant to 11 U.S.C. §§1107 and 1108. No trustee has been appointed to date in this case.

2. Machado has filed secured Claim Numbers 2 and 3 in this case for \$2,497.721.66 and \$406,111.13.

3. On November 28, 2012, the Debtor filed a *Complaint to Avoid and Recover Fraudulent Transfers and for Other Relief* (DE# 1) against Luis Machado, L. Machado, LP, Machado Family Limited Partnership No. 1 and Machado Family Limited Partnership No. 3 (collectively, the "Defendants"), thereby commencing Adversary Proceeding No. 6:12-ap-

00219-KSJ (the “Adversary Proceeding”). In the *Complaint*, the Debtor asserted claims against the Defendants for 1) fraudulent transfer; 2) equitable lien and other relief; 3) declaratory relief; 4) breach of fiduciary duty; and 5) accounting.

4. The Debtor and Machado (collectively, the “Parties”) participated in mediation and the Parties were able to reach a settlement of the claims against Defendants, fully resolving the Creditors’ claims against the Debtor and the Debtor’s claims against Defendants in the Adversary Proceeding, as well as all other claims the Parties may have against each other.

5. On February 12, 2013, this Court entered its *Order Granting Motion for Approval of Settlement and Compromise of Claim between the Debtor, the Machado Family Limited Partnership No. 1, and the Machado Family Limited Partnership No. 3* (DE# 65) (the “Settlement Order”).

II. Treatment of Machado’s Claim

6. The Debtor fails to treat The Machado Family Limited Partnership No. 3’s claim as secured. The Machado Family Limited Partnership holds a judgment lien against all of the Debtor’s assets and has valid UCC filings.

III. Mediated Settlement

7. Article VII, Section 1 of the Plan further provides that Machado shall grant a Right of Way Easement to the Debtor which will allow access to remaining Real Property not transferred. The Debtor makes the representation that this was part of the Mediated Settlement Agreement approved by the Court in the Settlement Order.

8. A Right of Way Easement was not included as part of the Mediated Settlement Agreement or referenced in the Settlement Order. Machado has not, and will not, consent to granting such an easement.

IV. Absolute Priority Rule is Violated

9. The Plan violates the absolute priority rule. The Debtor's principals, the beneficiaries of the non-debtor discharge, are to retain the equity and all future profits of the Debtor, while a class above them, the unsecured creditors are not paid in full.

V. Class 5 – Equity Interest

10. The Plan creates Class 5 for the equitable interests in the Debtor and provides that the currently issued and outstanding interests in the Debtor shall not be extinguished.

11. The Debtor indicates in its Plan that the members of Class 5 are impaired and eligible to vote to accept or reject the Plan. The votes of insiders do not count toward obtaining the acceptance of an impaired class. *See 11 U.S.C. § 1129(a)(10).*

WHEREFORE, Machado respectfully requests that this Court deny confirmation of the Debtor's Plan and to grant such other relief as this Court deems just and equitable.

Certificate of Service

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by either CM/ECF noticing or U.S. Mail to Debtor, 8 Mile Ranch, LLC, 5400 Eight Mile Ranch Road, St. Cloud, Florida 34773; Counsel for Debtor, Richard B Webber, II, Esquire, Zimmerman Kiser & Sutcliffe PA, 315 East Robinson Street, Suite 600, Orlando, Florida 32801; and the United States Trustee – ORL, 400 W. Washington St., Suite 1100, Orlando, FL 32801 this 8th day of May, 2013.

BROAD AND CASSEL

Attorneys for The Machado Family Limited
Partnership No. 1 and The Machado Family
Limited Partnership No. 3
390 North Orange Avenue, Suite 1400
Orlando, Florida 32801

PO Box 4961 (32802-4961)
Telephone: (407) 839-4200
Facsimile: (407) 650-0927

By: /s/ Nicolette C. Vilmos
Nicolette C. Vilmos, Esquire
Florida Bar No. 0469051
nvilmos@broadandcassel.com